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# Background Paper

THE IMPLEMENTATION OF A HOUSING  
POLICY TO ACHIEVE FEDERAL  
PRIORITIES FOR 1978-79

Central Mortgage and  
Housing Corporation;  
Ministry of State for Urban Affairs  
March, 1978



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TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION . . . . .	1
II. LOW INCOME HOUSING POLICY . . . . .	4
III. ASSISTED HOUSING POLICY . . . . .	11
IV. RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP) . . . . .	16
V. FEDERAL AID FOR COMMUNITY SERVICES . . .	18
VI. CONCLUSION . . . . .	22





## I. INTRODUCTION

This paper has two main purposes:

- to review the considerations which have led to changes in Federal housing and community services policy;
- to elaborate the major aspects of those changes themselves, highlighting the impact of consultations with provinces and private lenders over the months of February and March, 1978.

Changes in National Housing Act and in Federal community services policy are being adopted at the present time in the light of five major considerations.

- THE CURRENT FISCAL SITUATION requires that every available measure be turned to the task of holding down the size of the Federal deficit for 1978/79 and beyond; there is also a belief that GOVERNMENTS SHOULD RESTRAIN THEIR GROWTH and increase the scope for private initiative in order to put the economy back on the path to stable expansion.
- There are an estimated 155,000 metropolitan area households in Canada with very serious housing problems: paying too much for substandard, and/or crowded accommodation. An additional 283,000 households are paying over 30 per cent of income for adequate shelter. NHA PRODUCTION ADDRESSED SPECIFICALLY TO THESE PROBLEMS HAS DECLINED, from a high of 21,241 units in 1971 to a low of 11,651 units in 1977. This level of output cannot meet the need, nor can the shallow subsidies available under other NHA programs reach these households.
- At the First Ministers Economic Conference in February, the structure of Federal/Provincial arrangements for housing programs was an issue, but HOUSING AND COMMUNITY SERVICES PROGRAMS ALSO OFFER A MAJOR AVENUE FOR IMPROVED INTERGOVERNMENTAL COOPERATION UNDER A REVISED DIVISION OF RESPONSIBILITIES.

- THE UNEMPLOYMENT RATE IN THE CONSTRUCTION SECTOR STOOD AT 18.0 per cent as 1977 ended, compared to 8.3 per cent for all industries; this rate was primarily the result of reduced business investment, since residential construction activity has held up well; however, it is forecast that house building will fall off as the year progresses. At the moment it is the sole bright spot in this sector.
- Residential construction activity is bound to decline in particular if the CURRENT LARGE INVENTORY OF NEWLY CONSTRUCTED BUT UNOCCUPIED DWELLING UNITS cannot be cleared; at the end of 1977, there were 24,160 of these units, compared with 17,995 in the preceding year. This situation is particularly acute in such markets as Hull, where inventory and bankruptcy problems have been compounded.

The policy response to the above situation has been designed to meet four basic criteria.

- It should reduce the cash requirements for housing activities supported by the Federal government; there is only one major way of doing this without diminution of program effectiveness or reduction of effort; the fullest possible utilization of private sector capital resources for activity previously funded from Federal borrowings.
- It should increase the level of activity addressed to the needs of the lowest income people. This is to be accomplished through enrichment of the current production instruments to make them more attractive to their users and to allow them to penetrate more deeply down the income range; it will also be accomplished through a much more extensive use of the large stock of modest cost existing units, both through rental from private landlords and through purchase by public and non-profit agencies.
- It should "disentangle" the complex set of arrangements by which Federal and Provincial joint housing and community programs are now operated, not only to save public funds which are currently expended on duplicated effort, but also to streamline and accelerate production. "Disentanglement" involves a two way clarification of roles. The

Federal Government will reduce its administrative involvement in programs where there is provincial or municipal ownership or shared cost to the minimum consistent with adherence to Federal legislation and objectives. The provincial governments are being asked to avoid slacking which increases the borrower's debt load or the financial exposure of the Federal Government. Both levels of government are agreed on the need to improve their efforts to jointly plan in order to avoid conflicting impact on the same housing market.

- It should help to sustain the level of housing production, and where feasible, increase labour-intensive types of housing activity. The restraint program pushes in the direction of reduced governmental outlays for any purpose; but if there were a substantial withdrawal of Federal benefits available for housing production, there can be no doubt that it would fall off dramatically. Most of the rental and a significant share of ownership output depends on Federal aid in one form or another. Close to a third of all housing starts now bear a Federal subsidy. Three avenues are to be utilized to both reduce subsidies and support employment: the provision of essentially the same depth of benefits as are now offered via public funds, but through leverage on private capital; the acquisition of lower cost existing units, as a means of increasing stock turnover and triggering new construction of replacement units; and the expansion of aid for rehabilitation work, which is both a low cost way of getting "standard" dwellings and highly labour-intensive. (Two thirds of the cost of rehabilitation is for labour, compared to 40 percent for new construction).

The new policies which have been adopted by the Federal Cabinet are set out below under four major headings: LOW INCOME HOUSING, ASSISTED HOUSING, REHABILITATION, and COMMUNITY SERVICES.

## II. LOW INCOME HOUSING POLICY

### A. TARGET FOR HOUSING LOW INCOME PEOPLE

#### Factors Considered

Both the Federal and provincial governments share the objective of eliminating over time Canada's worst housing conditions. To achieve this objective, three things are required:

- adoption of a public target for annual production and acquisition of low income units against which progress can be measured;
- modification of the present low income housing production instruments to address the chief causes of their gradual decline in effectiveness;
- expanded use of the Rent Supplement technique which secures low income units cheaply and on a socially more integrated basis.

#### Policy

Federal and provincial governments agree that the overall target for low income housing would have to be raised to make substantial inroads on the backlog of need.

A 30,000 unit per year target along the lines set out below appears to be feasible within reasonable levels of capital and subsidy resources.

This target probably can not be achieved during 1978, since mechanisms for delivery will still be under development. This is why figures for a fully operational year in 1979 are shown.

POSSIBLE COMPOSITION OF LOW INCOME ACTIVITY  
TO REACH THE TARGET OF 30,000 UNITS (1979)

Low Income Housing Programs	Units	1977 Units
Housing Production/Acquisition	17,500	14,909
a) Private Non-Profit	5,000	
b) Prov./Mun. Non-Profit		
CMHC financed	5,000	
Privately financed	7,500	
Rent Supplement	12,500	4,104
TOTAL	30,000	19,013

B. PROVINCIAL AND MUNICIPAL NON-PROFIT AND COOPERATIVE  
HOUSING

Factors Considered

The chief present instrument for providing publicly owned low income housing, Public Housing, suffers from four admitted defects:

- it requires the Provinces to share the subsidies in fixed proportions if any project is to be undertaken; the current climate of fiscal restraint and rising costs, combined with other factors notes below, have led to reluctance on their part to undertake significant production activity;
- it requires large amounts of Federal capital which could as easily be borrowed by the governments concerned on the private market, reducing the pressures on Federal borrowing;
- it offers very generous benefits to the comparatively small proportion of the poor who are able to get access -- as low as \$32 a month for fully serviced accommodation;

partly because of these benefits, but also because of historical project development practices, it typically generates units which can cost as much as 15 per cent more than comparable privately built dwellings, and which may form a physically distinct, socially identified "ghetto".

### Policy

The Federal and provincial governments concur on the above view of Public Housing's problems; the Provinces have indicated a willingness to adopt a revised set of arrangements for low income housing activity. Under these, a new comprehensive low income housing program will be implemented, utilizing both current Public Housing and a revised Non-Profit Housing technique. These would be operated within a global budget. Future projects constructed or acquired by municipal and provincial organizations will be eligible for these arrangements.

To address the "shared cost" problem, the Federal government will provide via the Non-Profit technique, contributions to bring the effective interest rate down to as low as 1 per cent annually on a 35-year mortgage, based on maximum price and size limits by market area. This level of Federal aid will be more than equal to the current 50 per cent share offered; it would have the advantage to poorer provinces that exactly matching amounts of their resources are not required to "trigger" Federal funds. Even though provincial subsidies will not be mandatory to receive this assistance, the Federal government will strongly encourage the Provinces to maintain their financial support in order to reach more low income people.

To reduce Federal capital requirements, private capital resources will be used to finance all provincial and municipal Non-Profit and Cooperative units. An exception to this, in the first year of operation, will be the purchase of existing rental projects, for which NHA financing will continue to be available. NHA loan insurance is offered for provincial or municipal borrowing from NHA-approved private lenders; it will be issued upon the receipt of adequate certification of the project details from the Province. For those provinces which wish to retain the existing Public Housing arrangements under Section 40 and 43 of the National Housing Act, Federal capital and subsidy funds will still be available.

To bring increased equity to the treatment of tenants of publicly owned accommodation in comparison with those not able to benefit but in similar conditions, Non-Profit, Cooperative and Public Housing units will be offered to occupants on the basis of a rent-to-income scale. It is envisaged that a 25 per cent scale, based on gross family income will be used. The Federal Government view is that this scale should be phased in gradually in existing Public Housing projects and that it should apply immediately to new projects.

To hold down costs for publicly owned units and to reduce or eliminate the "ghetto effect", the explicit price and size limits by market area used for the Assisted Home Ownership and Assisted Rental Programs will apply under the new Non-Profit/Cooperative arrangements. Non-Profit/Cooperative Housing corporations and Public Housing agencies will be encouraged to adopt a "best buy" policy: acquiring from the inventory of unoccupied Assisted Home Ownership projects and acquiring and renovating used dwellings as well as constructing new projects.

Cooperative and Non-Profit sponsors will be able to offer the occupant households an option to purchase where separate title to the unit is obtainable.

#### C. RENTAL OF UNITS USING THE PRESENT RENT SUPPLEMENT PROGRAM

##### Factors Considered

The Federal and provincial governments may share the cost of leasing units from private or non-profit landlords under Section 44 of the National Housing Act.

The Provinces of Ontario and British Columbia have both indicated their desire to make much greater use of the Rent Supplement approach to serving low income housing. British Columbia, which also has a limited form of shelter allowance, the SAFER program for the elderly, is likely to use it almost exclusively.

##### Policy

It is envisaged that much more widespread use should be made of the existing Rental Supplement Program arrangements.

The Federal Government will provide financial resources to achieve a target of 12,500 units to be newly leased in 1978/79.

D. "DISENTANGLEMENT" OF FEDERAL AND PROVINCIAL LOW INCOME HOUSING ACTIVITY

Factors Considered

There are two major fields of National Housing Act activity in which Federal/provincial "disentanglement" appears both feasible and warranted. These are joint low income housing programs and community services aid to municipalities.

In regard to the first of these, the Provinces have expressed on a number of occasions since the beginning of 1973 their desire and capacity to play an even larger role than they do at present.

The shift from Federal to private financing for at least a part of low income production/acquisition provides an opportunity to alter basic administrative structures. This can be done in a way that preserves key Federal objectives and functions but accords to the Provinces the latitude and freedom from "red tape" which they seek.

Policy

It is intended that all projects under the new Non-Profit arrangements continue to meet the National Housing Act, NHA Regulations, standards and guidelines as amended from time to time. But CMHC will withdraw from detailed project selection, review, approval, and inspection for both Non-Profit and Section 43 Public Housing. It will accept instead provincial certification that program criteria have been met as a basis for determining eligibility for Federal contributions, loans, and insurance. Current program delivery procedures will be retained for the Section 40 Federal/Provincial Program, including Rural and Native Housing. In the latter case, the existing purchase-to-income option will also be continued.

To qualify for Federal contributions, loans and insurance, provincial and municipal housing agencies will need to provide CMHC with basic data for program evaluation purposes: tenant incomes, rents charged, operating expenses, and similar items.

The specific instruments for achieving disentanglement will be Federal/Provincial Master Agreements as proposed by the Provincial Housing Ministers, on February 1, 1978. These will be prepared and signed annually with each province, together with any necessary operating agreements pursuant to them.

The agreements, Master and operating, will cover the following aspects of jointly conducted low income housing programs: policy principles; financial planning and budget allocations, together with limits on the Federal aid available for a given year; program delivery; publicity arrangements; and program information.

In relation to all other housing programs, the agreements will provide for co-ordination of activities, information-sharing, and policy consultation.

#### E. PRIVATE NON-PROFIT AND COOPERATIVE HOUSING

##### Factors Considered

A wide variety of organizations: labour unions, caisses populaires, community organizations, and others can participate in meeting housing needs through the mechanism of private non-profit and cooperative housing.

Two major drawbacks exist to the effective production of housing for low income people by this means:

- The current Section 15 and 15.1 subsidies: a 10 per cent capital grant and a shallow interest subsidy (2½ per cent at the moment) do not reach much below average incomes.
- Those projects which have been undertaken have, in several cases been too large for the capabilities of their proponents. There is a risk of serious default and management problems similar to those which have emerged in the United States.

##### Policy

Private non-profit and cooperative corporations will be eligible for deeper Federal subsidies. These will bring the effective interest rate to 1 per cent when 90 per cent private loans are available, and to 2 per cent where 100 per cent Federal loans are employed. Federal loan funds at market rates will continue to be accessible to them, although these organizations would also be encouraged to seek private financing.

In regard to the second problem, private non-profit and co-operative corporations will be encouraged to do rehabilitation projects and small scale infill projects of new housing. Large new production projects by these organizations will only be allowed consistent with proven capacity. Private non-profit and cooperative projects will remain subject to the full CMHC review and approval process, with one exception.

During consultations with provinces, the question was raised as to what arrangements could be made where provincial governments provide loans and/or substantial subsidies to support these corporations. The Federal government is prepared to contemplate a role for the provinces in the delivery of this part of the low income housing program as well when they share the cost of subsidies and/or provide the capital.

### III. ASSISTED HOUSING POLICY

#### A. EXTENSION OF ASSISTED HOME OWNERSHIP TO EXISTING HOUSING

##### Factors Considered

The Assisted Home Ownership Program has been one of the most successful Federal housing initiatives in recent years. It has provided a large volume of affordable new housing and has changed the way the industry builds, significantly increasing the amount of compact housing production.

The very success of the Program, however, has led to some important market difficulties:

- The owners of older units in roughly the same price range or even higher find themselves in unfair competition with new units bearing a special subsidy.
- The fact that a public subsidy is available for new production alone has spurred builders in some markets to generate more housing of this type than can be readily absorbed.
- The subsidy provided by AHOP (an interest-free Interest Reduction Loan and a further grant, depending on income) is available only to the first purchaser; these people can find difficulty in selling their units where there is a soft market situation, since the people who are most interested in this type of housing are not eligible for benefits as a second purchaser.

##### Policy

Two specific initiatives within the current program framework have already been announced by the Minister of State for Urban Affairs to address these problems. These are:

- a provision whereby the owners of newly constructed but unoccupied Assisted Home Ownership projects can convert them into Assisted Rental projects, and vice versa;
- a provision that the first purchaser of an AHOP unit can pass on the Interest Reduction Loan to a second purchaser, within the current price limits.

Beyond these steps, a much more significant policy change has been adopted: the extension of Assisted Home Ownership type benefits to all existing housing units which meet the program price limits and the usual MHA standards. This opens up a much larger portion of the housing stock, not just new suburban units to affordability assistance. Lower priced dwellings will be available and lower income people can likely qualify.

However, it is not feasible to quadruple or quintuple the potential demand for AHOP in this fashion and still rely on Federal Interest Reduction loans (now running at \$80 million a year) and related subsidies.

Accordingly, the best way to extend AHOP to existing dwellings is to utilize private sector capital to cover the entire amount of aid. The Interest Reduction Loan has already led the way to a full-fledged Graduated Payment Mortgage which can do this job.

## B. THE GRADUATED PAYMENT MORTGAGE

### Factors Considered

The Graduated Payment Mortgage offers the purchaser or landlord affordable monthly payments in the early years of a mortgage which increase at a modest rate over time as incomes or rents increase. Discussions with the private lenders indicate that they are able to use this new technique.

Three things need to be considered, however, in adopting it:

- in the early years of the mortgage, only interest is being paid, and not enough to meet the full market rate; the amount of debt on the unit is accordingly rising somewhat; lenders will be understandably nervous about defaults in such a situation;
- if a Graduated Payment Mortgage is to be adopted by the lenders, CMHC cannot continue to offer much better terms in the form of interest-free AHOP and Assisted Rental Interest Reduction Loans and grants;
- since the amount of debt on a unit is rising for a while with the Graduated Payment technique, "stacked" provincial subsidies which have the effect of increasing debt are not a viable approach to providing homeowner aid.

### Policy

It is envisaged that the whole job of making Interest Reduction Loans on AHOP and ARP project will be given over as rapidly as possible to the private lending institutions, employing the Graduated Payment Mortgage approach. CMHC will have a very small residual role in remote areas where the private lenders do not operate, for both new and existing housing.

In order to respond to the problems set out above, the following steps are being taken:

- NHA insurance and "quick settlement" of defaults are being offered as inducements to private lenders to adopt the Graduated Payment technique. The latter permits the Corporation to take over units with the occupants still in residence and to do the maximum feasible to enable them to meet their payments. (Ordinary loan insurance arrangements require vacant possession of the dwelling unit before any claims are paid to the mortgage lender).
- Market interest is to be charged forthwith on the Interest Reduction Loans offered by CMHC; the grant portion is now converted to a loan.
- Provincial governments are being asked to provide aid in the form of grants which reduce debts and which do not contain the risk of a sudden increase in carrying charges.

#### IV. RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP)

##### A. GEOGRAPHIC APPLICATION OF REHABILITATION ASSISTANCE

###### Factors Considered

The termination of the Neighbourhood Improvement Program will mean that a new way will need to be found to select units for rehabilitation and to administer the assistance offered under RRAP.

The use of Neighbourhood Improvement designations has always had the defect that the units in equally bad condition but outside of designated areas got no aid at all.

The National Housing Act provides for designation of special rehabilitation areas by the Federal Government with provincial concurrence. These areas will be similar to NIP areas in regard to housing quality. But they need not meet the more stringent criteria of the former program as to "residential character". Smaller scale, more scattered designations can be made, to go where the greatest need is first.

###### Policy

Provincial concurrence to designation will be sought for certain rural areas and for additional areas in municipalities. Only municipalities which have Maintenance and Occupancy Bylaws and which have planning, enforcement and delivery mechanisms in place will be eligible for designation. CMHC will establish annual budgets for all designated localities to cover previously chosen Neighbourhood Improvement Program areas and these new designations.

##### B. TERMS ON WHICH REHABILITATION ASSISTANCE IS GIVEN

###### Factors Considered

Landlords currently receive RRAP grants without the need to put up their own funds for rehabilitation, even though tenant incomes are not controlled, and any resulting increases in value accrue to the landlord.

Quebec has always argued that RRAP should not make 100 per cent aid available to landlords on a typical unit; because of the amount of work done in that Province, the effect is that all landlords receive loans for 50 per cent or more of the improvements undertaken in any case. In the light of the drive to eliminate hidden subsidies in Federal programs, it has been necessary to ask whether RRAP loans to resident owners and to landlords should continue to be made at a reduced rate.

### Policy

The Residential Rehabilitation Assistance Program is being modified to provide that landlords will henceforth receive a loan of up to \$10,000 per unit, of which 50 per cent can be forgiven up to a maximum of \$2,500 per unit.

In future, all RRAP loans will be at an unsubsidized interest rate. As prescribed in the National Housing Act this rate "shall not exceed by more than one-half of one per cent the rate of interest return that would be yielded in the market by Government of Canada bonds that, at the time the rate of interest is prescribed under this paragraph, would mature in twenty years, such return to be determined by the Governor in Council on the basis of the yields of the most comparable issues of Government of Canada bonds outstanding in the market."

## V. FEDERAL AID FOR COMMUNITY SERVICES

### A. PROGRAM RATIONALE AND OBJECTIVES

#### Factors Considered

The Federal Government has been active for over fifteen years in providing aid to improve the quality of community services. Currently, it provides NHA assistance to municipal governments for community services via three major sectoral programs - the Neighbourhood Improvement Program, the Municipal Infrastructure Program, and the Municipal Incentive Grant Program.

These programs apply to only three areas of activity among the many essential tasks which municipal governments perform. Moreover, there are many municipal governments who can make little use of these programs but who are nonetheless obliged to carry out other important activities without such support.

Certain municipalities can make little use of these programs because Neighbourhood Improvement and Municipal Infrastructure are shared-cost programs. First, they tend to be more accessible to wealthier municipalities having relatively high tax capacities. Second, the allocation of a limited sectoral budget across provinces and municipalities results in imbalances between available funds and needed services. Third, shared-cost programs affect local priorities; community services which receive aid may be expanded at the expense of those which do not.

The sectoral programs are the subject to an ever present pressure for expansion of both funding levels for present programs and new programs in sectoral areas not presently assisted.

By their very nature, sectoral programs impose on the Federal Government an obligation to develop administrative processes at the project approval and delivery level. This always appears to duplicate the normal activities of other levels of government and results in a complex array of administrative procedures. It would be desirable to disentangle the Federal Government from this type of project by project scrutiny.

Canadians, for the most part, are unaware of Federal assistance to municipal governments since this assistance is by and large provided to municipal governments through the provincial governments.

In light of these facts, it was appropriate that alternatives to the indefinite continuation of special purpose sectoral Federal programs for assisting municipalities with the concurrence of the provinces, be considered.

### Policy

Following more detailed consultations with the provinces, it is intended to adopt a global approach to community services by consolidating the Neighbourhood Improvement Program, the Municipal Infrastructure Program and the Municipal Incentive Grant Program into one Community Service Program. Budgetary commitments in 1977 under these three programs amounted to \$208 million. The level of budgetary funding contemplated for a Community Service Program is \$250 million annually.

The objectives of this program will be:

- to provide increased flexibility to provinces and municipalities;
- to enable Federal assistance to better respond to local needs and conditions;
- to reduce the degree to which Federal assistance may distort priorities of other orders of government or be inconsistent with these priorities;
- to enhance the public awareness of Federal contributions on improved quality of life in cities and towns;
- to reduce duplication in detailed administrative procedures by disentangling the Federal government from project by project scrutiny;
- to reduce duplication and contradictions in the application of detailed rules and regulations concerning particular projects;
- to better ensure that Federal assistance is available equally to all provinces and municipalities; and

- to reduce over the long run Federal budgetary expenditures and to reduce immediately federal cash requirements for community service expenditures.

## B. PROGRAM STRUCTURE

### Factors Considered

In line with the above objectives, the new Community Services Grant Program will need to be simple, equitable, and require minimum administrative involvement by the Federal Government.

### Policy

It is intended to continue negotiations with the provincial governments on the details of a new, comprehensive approach to Federal community services support entitled the Federal Community Services Program, to be administered by the Ministry of State for Urban Affairs on behalf of the Minister.

This program, operated within a set budgetary amount of \$250 million annually, will take the place of the current Neighbourhood Improvement, Municipal Infrastructure and Municipal Incentive Grant programs operated under the National Housing Act.

Outstanding commitments under the Neighbourhood Improvement Program as of March 31, 1978 and the Municipal Infrastructure and Municipal Incentive Grant programs as of December 30, 1978 will be met with funds other than those allocated for the Community Service Program.

The Program, as presently envisaged, will have the following features:

- Federal funds will be allocated among the provinces on the basis of a formula which reflects the provincial distribution of urban population and municipal tax capacity at the provincial level.
- Within the provincial allocations, a formula to be chosen by each province in consultation with the Federal Government will be used to set the annual entitlements to municipalities. The Federal criteria for this formula are that it be equitable in relation to need and be based on objective data and indicators.

- Municipalities will be able to incur expenditures on the following items: sewage treatment, and trunks; community water supply; trunk storm sewer systems; neighbourhood social and cultural facilities; neighbourhood recreational facilities; neighbourhood improvement and conservation; non-profit housing (equity); upgrading insulation of municipal building and community facilities; and facilities which convert municipal waste to energy production. Provinces, based on their priorities and in consultation with the Federal Government, can reduce but not expand the list of eligible expenditures and disallow specific projects.
- The recipient municipalities will be able to use their funds for either immediate capital outlays or the servicing of debt associated with the financing of eligible community service. The municipalities will not, in contrast with the current programs of Neighbourhood Improvement and Municipal Infrastructure, be able to borrow funds from the Federal Government.
- Because Federal Community Services funds will provide the underpinnings for major long term borrowings for large capital works, the Federal Government will provide a long term commitment to the new program.

In operating this program:

- Federal administrative involvement will be reduced to a minimum; the Provinces are being asked to assume responsibility for compliance and for provision of basic data required for purposes of accountability and program evaluation.
- Federal payments of municipal entitlements will be made in April of the fiscal year subsequent to the year in which actual expenditures have been made.
- The Federal Government is asking the Provinces to agree not to use funds provided under this program to replace funds they would otherwise have provided to their municipalities.

All of the above aspects of the program, together with a statement of mutually agreed objectives, criteria and procedures will be incorporated into a Federal/Provincial Community Services Program agreement to be signed by the Minister of State for Urban Affairs on behalf of the Federal Government.

VI. CONCLUSION

A considerable realignment of present Federal housing policies has been feasible within the terms of present legislation; with these new and revised policies, the following goals can be achieved:

- the fullest possible utilization of the private sector to finance housing;
- the allocation of increased resources, and more effective program instruments to the task of improving the housing of those in greatest need;
- the simplification of administrative arrangements for programs operated jointly by several levels of government;
- the provision of Federal support to sustain a reasonable level of new housing production and to expand labour-intensive rehabilitation activity as a boost to employment.

Following discussions with the provinces, a new policy can also be adopted for simpler, more flexible, and more equitable aid for community services.

Federal housing policies have continued to respond to Canada's changing social and economic conditions over the past decade. The proposals just adopted represent another major step in this evolution.



